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What is the NRI investment pattern in Indian real estate?

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The rupee depreciation has made India an attractive destination for NRI investors, particularly in the real estate sector. Industry experts say that people living in the Middle East and other Gulf countries have displayed significantly higher interest in properties in the country as compared to others. Many developers claim that there has been a sudden spurt in demand from NRIs of the Middle East.

Although most enquiries are from the Gulf Countries, there have been substantial amount of enquiries from NRIs residing in Australia, Malaysia, Canada and US also.

RK Jain, Executive Director of WAVE Infratech highlights that due to rupee depreciation, enquiries from NRIs have jumped 20 per cent in a month. "This is a small boost to home sales in the country which have been sagging in the recent quarters. As compared to the last year, the investments have gone up by 50 per cent and if the rupee maintains its current levels, developers could see more interest from NRI buyers."

Having opened a branch office in Dubai, Wave is able to cater to the demand from this area. The property prices have been escalating at about 40 per cent annually and are unlikely to fall in the future also. Therefore, this is the best time for NRIs to invest in real estate.

To sum it up, **the reason for NRIs to invest in Indian real estate are:**

- Appreciation on investment in future
- Rupee depreciation
- Schemes being offered to lure NRIs to purchase

Talking about the areas that the NRIs are majorly looking to invest in, Ajay Aggarwal, MD of Microtek Infrastructure says, "New Gurgaon is a highly investor driven location. NRIs have shown tremendous interest in our project in Sector 86 in Gurgaon."

According to RK Jain, majority of the NRI buyers are those who are looking for a second home and their popular choices are Bangalore, Chennai, Jaipur, Kochi, Mumbai, NCR (especially Noida) and Pune.

In reference to the increase in investment from NRIs, RK Arora, CMD of Supertech Ltd points out that the fall in currency value has helped witness approximately 10–15 percent increase in sales in the last three months.

Some observations related to NRI investments in India:

- Most NRIs based out from countries like Malaysia have shown their preference towards southern cities
- NRIs from Canada show interest in places like Delhi, Chandigarh and other northern parts
- Out of the 2.5 million NRIs in the US, most of them invest in Bangalore, Chennai and Hyderabad
- The NRIs belong to the middle and high income group seek to invest in properties ranging from Rs 50 lakh to Rs 1 crore and beyond.
- While the largest markets for affordable housing in the price range of Rs 15-25 lakh are from the Gulf region
- 2/3/4 BHK configurations are most popular amongst NRIs
- Tying up with financial institutions and banks, fully licensed projects, original allotment documents on the day of booking are the main attractions for NRIs that developers offer

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